

STATE OF RHODE ISLAND - DIVISION OF TAXATION
COMPUTATION OF DAYCARE ASSISTANCE AND DEVELOPMENT TAX CREDIT
YEAR ENDED _____ 20 _____

Federal Employer Identification No. _____

Name _____

Address _____

City/Town _____

State _____

Zip Code _____

SECTION I PURCHASED DAYCARE

R.I. Daycare Lic/Cert # _____

1. Actual sum of money spent \$ _____
2. Credit = Line 1 x 30% _____
3. Credit Available = Line 2 or \$30,000 (Whichever is less) _____

SECTION II TAXPAYER'S DAYCARE FACILITY

R.I. Daycare Lic/Cert # _____

4. (a) Actual sum of money spent _____
- (b) Federal tax basis for realty or tangible personalty dedicated/donated _____
- (c) Total = Line 4 (a) + 4 (b) _____
5. Credit = Line 4 (c) x 30% _____

**SECTION III DAYCARE FACILITY ESTABLISHED/
OPERATED WITH OTHERS**

R.I. Daycare Lic/Cert # _____

6. (a) Actual sum of money spent _____
- (b) Federal tax basis for realty or tangible personalty dedicated/donated _____
- (c) Total = Lines 6 (a) + 6 (b) _____
7. Credit = Lines 6 (c) x 30% _____

SECTION IV RENTALS/LEASES FOREGONE

R.I. Daycare Lic/Cert # _____

8. Total amount foregone in rent/lease payments for the above -licensed facility [attach documents] _____
9. Credit = Line 8 x 30% _____

SECTION V CREDIT COMPUTATION: CORPORATIONS

10. (a) Tax from appropriate Line of RI 1120, T-71, T-72 or T-74 _____
- (b) Minimum tax as applicable 250.00
11. Available offset = Line 10 (a) - 10(b) or \$30,000 (whichever is less) _____
12. Total = Line 3 + 5 + 7 + 9 _____
13. Maximum credit = Line 12 or \$30,000 (whichever is less) _____
14. Purchased daycare credit applied = Line 11 or Line 3 (whichever is less) _____
15. Line 13 - Line 14 (not less than zero) _____
16. Remaining credit usable = Line 11 - Line 14 _____
17. Credits carried forward from prior years (list years) _____
18. Total = Line 15 + Line 17 (not more than \$30,000) _____
19. Credit applied = Line 16 or Line 18 (whichever is less) _____
20. Summary deduction = Line 14 + Line 19 (Carry to appropriate line on Form 1120, T-71, T-72 or T-74) _____

**TAXPAYERS MUST PROVIDE A RI DAYCARE LICENSE NUMBER OR CERTIFICATION NUMBER R.I. CHIDCARE
FACILITIES MUST AGREE TO ACCEPT CHILDREN WHOSE CHILD
CARE SERVICES ARE PAID FOR IN FULL OR IN PART BY
THE RHODE ISLAND DEPARTMENT OF HUMAN SERVICES.
DOCUMENTATION FOR CREDIT MUST BE ATTACHED TO THIS RETURN**

CREDITS FOR DAYCARE ASSISTANCE AND DEVELOPMENT (CHAPTER 44-47) DEFINITION:

“Amount expended” means the actual sums of money spent, or the cost or other basis for Federal tax purposes of real or tangible personal property donated or dedicated to the establishment of a daycare center. In the case of purchased daycare (See Section I) the “amount expended” cannot include sums in excess of the actual cost of daycare services purchased for each individual child or dependent adult.

LIMITATIONS OF CREDIT, CARRYOVERS AND CONSOLIDATION:

1. No credit is allowed unless the daycare facility has a RI license under Chapter 42-72.1 R.I.G.L. or, in the case of daycare for dependent adults, the facility has been certified by the Department of Elderly Affairs. The license or certification number must be shown where indicated on the form.
2. The credit is allowed against the business corporation tax (44-11), public service corporation tax (44-13) (except the tax in 44-13-13), the bank excise tax (44-14), the insurance companies' gross premiums tax (44-17) and the personal income tax (44-30).
3. Maximum annual credit for purchased daycare in RI (Section I) is \$30,000 and in the case of those taxes having minimum amounts, the credit cannot reduce the tax to less than the minimum tax for the taxpayer. The balance of unused credit may not be carried over to any subsequent tax year.
4. Maximum total annual credit for daycare establishment and operations in RI (Section II and III) and for amounts foregone (Section IV) is \$30,000; the total credit cannot reduce the tax below its stated minimum and the balance of unused credit may be carried over for 5 years.
5. Credits carried over to succeeding taxable years may not be used if during that time the taxpayer's facility was operated for less than 6 months.
6. Amounts expended for purchased daycare (Section I) are to be solely to provide care for the dependent children or adults of the taxpayer's employees or employees of commercial tenants of the taxpayer during the employees' hours of employment.
7. Amounts expended for the establishment and operation of a daycare facility (Sections II and III) qualify if the facility is used primarily by the dependent children or adults of the taxpayer's employees during the employees' hours of employment.
8. The credit is 30% of the total amount foregone in rent or lease payments for rental or lease space in RI for daycare services. The amount foregone is the difference between fair market rental and actual rental. The burden of proof of fair market value is upon the claimant taxpayer and such proof should include prior rental/lease of the same property. Where the property was not previously rented or leased, appraisals of the property by competent parties independent of the claimant taxpayer should be used.
9. In the case of a business corporation filing a consolidated return (44-11), a credit will be allowed against the tax of only that corporation which qualifies for the credit and will not be allowed against the tax of other corporations that may join the filing of a consolidated state tax return.